

Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 XMB-02 /100 W
-----060912 048073 /12

R 060850Z MAR 77

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 6033

LIMITED OFFICIAL USE ALGIERS 0570

DEPT PASS EXIMBANK, FPC

E.O. 11652: N/A

TAGS: EFIN, ENRG, AG

SUBJECT: FINANCING ALGERIAN LNG PROJECTS

1. DURING VISIT OF EXIMBANK TEAM LAST MONTH AND AGAIN DURING VISIT OF DAVID ROCKEFELLER THIS MONTH, RACHID HASSAM, DIRECTOR GENERAL AT THE FINANCE MINISTRY, EMPHASIZED ONE SPECIFIC POINT WITH REGARD TO THE FINANCING OF LNG PROJECTS. POINT WAS THAT ALGERIA "CAN WAIT" FOR LNG PROJECT IF CONSUMING COUNTRIES NOT WILLING TO FINANCE THEM. THESE PROJECTS ARE INTENDED TO EARN FOREIGN EXCHANGE IN ORDER TO FINANCE OTHER DEVELOPMENT PROJECTS AND, ACCORDING TO HASSAM, IT WOULD NOT MAKE SENSE TO DELAY THOSE OTHER PROJECTS BY USING ALGERIA'S OWN FOREIGN EXCHANGE FOR LNG. IF OTHER COUNTRIES WANT THE LNG, THEY WILL HAVE TO FINANCE THE PLANTS.

2. WE RESPONDED THAT IF THE LNG PROJECTS MAKE ECONOMIC SENSE FOR ALGERIA AND ARE MORE PROFITABLE THAN OTHER PROJECTS, THEN THERE IS NO A PRIORI REASON ALGERIA SHOULD NOT USE AT LEAST SOME OF ITS WON FOREIGN EXCHANGE. WE ALSO OBSERVED THAT FINANCING IS NORMALLY FOUND FROM THE LIMITED OFFICIAL USE

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SUPPLIERS OF MATERIALS FOR THE PLANTS RATHER THAN FROM THE ULTIMATE BUYERS OF THE PRODUCT. THESE OBSERVATIONS HAD NO NOTICEABLE EFFECT ON HASSAN, WHO REPEATED THAT "IF YOU WANT THE GAS, YOU HAVE TO FINANCE THE PLANTS."

3. WE TAKE HASSAM'S STATEMENT TO MEAN 1) THAT FINANCING FOR LNG-2 3, ETC. IS NOT COMING EASILY,

2) THAT THE GOA HAS A POSSIBLY EXAGGERATED VIEW OF USG
EAGERNESS TO INSURE LNG SUPPLIES FROM ALGERIA, 3) THAT
THE GOA DOES NOT FULLY APPRECIATE THE SEPARATE NATURE
OF EXIMBANK DECISIONS ON FINANCE AND FPC DECISIONS ON
LNG IMPORTS, AND 4) THAT FOR THE GOA "ECONOMIC
DEVELOPMENT" MEANS PROJECTS TO SATISFY THE INTERANL
AMARKET AND THEREBY PROMOTE "ECONOMIC INDEPENDENCE."
EXPORT PROJECTS ARE A MEANS TO THAT END, NOT AN END
IN THEMSELVES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, LPG, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ALGIER00570
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770077-0406
Format: TEL
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770388/aaaaczpa.tel
Line Count: 73
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 89af12bd-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3193028
Secure: OPEN
Status: NATIVE
Subject: FINANCING ALGERIAN LNG PROJECTS
TAGS: EFIN, ENRG, AG, (HASSAM, RACHID)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/89af12bd-c288-dd11-92da-001cc4696bcc
Review Markings:
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